



## Rehabilitation Loan Program/Emergency & Accessibility Loan Program Income Eligibility Calculation Worksheet

All Lenders are required to use this worksheet to calculate the gross annual projected household income for the purposes of determining income eligibility.

**Household Residents.** Include income for only the following household residents:

- All adult (18+ years old) household residents whose stay is not determined by a written lease or rental agreement and who does not occupy another residence.

**Types of Income.** Gross annual projected household income includes only the income types noted below. Please do not include other types of assistance or cash received. See Page 3-5 for more details on the types of income included and required documentation.

- |                         |                         |                       |
|-------------------------|-------------------------|-----------------------|
| • Base Pay              | • Child/Spousal Support | • Investment Property |
| • Self-Employment       | • Educational Grants    | • Roommate Rent       |
| • Variable              | • Transfer Payments     |                       |
| • Housing/Car Allowance | • Interest/Dividends    |                       |

**Deductions.** Include the following deductions. See Page 6 for more details on the deductions and required documentation.

- Allowable medical expenses.
- \$1,000 per household resident.

**Exclusions from Income.** The following are examples of assistance or cash received that are excluded from the gross annual projected household income. Please note that this is not an exhaustive list of exclusions.

- Income no longer available. NOTE: Household residents cannot manipulate income (e.g., quit job, etc.) to become eligible.
- Court ordered support not received (e.g., child support, spousal support, etc.).
- Supplemental Nutritional Assistance Program (SNAP), Women Infant and Children (WIC) benefits, or other supplemental nutrition benefits.
- Childcare costs paid by a governmental agency or non-profit directly to the childcare provider.
- Foster care income.
- Incidental income earned by minors or children in school.
- Income of roommates/renters. NOTE: Must provide a written lease documenting the rental arrangement.
- Nonrecurring income (i.e., Income received that is unlikely to reoccur in the future).



**INSTRUCTIONS:** List the names of the household residents whose income must be included in the eligibility income calculation. Enter all applicable income types for each household resident. Gross annual projected household income includes only the income types noted below. Please do not include other types of assistance or cash received. Document your calculations so Minnesota Housing staff understand how you arrived at the gross annual projected household income. Please include a borrower letter explaining anything that may be unclear (e.g., cash deposits not being included in the income calculation, etc.).

Income Types	A	B	C	D	E
Adult Resident Name					
Base Pay	\$	\$	\$	\$	\$
Self-Employment	\$	\$	\$	\$	\$
Variable	\$	\$	\$	\$	\$
Housing/Car Allowance	\$	\$	\$	\$	\$
Child/Spousal Support	\$	\$	\$	\$	\$
Educational Grants	\$	\$	\$	\$	\$
Transfer Payment	\$	\$	\$	\$	\$
Interest/Dividends	\$	\$	\$	\$	\$
Investment Property	\$	\$	\$	\$	\$
Roommate Rent	\$	\$	\$	\$	\$
<b>Subtotal</b>	\$	\$	\$	\$	\$

<b>Total of All Income Types of Household Residents (Add subtotals of A-E and any additional household residents)</b>	\$
<b>Subtract Deductions (See Page 6)</b>	\$
<b>Gross Annual Projected Household Income</b>	\$



## EMPLOYMENT/BUSINESS INCOME

Type	Guidance/Key Items to Address	Documentation
Base Pay	<p><u>Salary or Wage Income:</u> The regular rate of pay multiplied by the number of pay periods per year.</p> <ul style="list-style-type: none"> <li>This should approximate YTD on VOE. If not, check for variable income such as OT, bonus, etc. (Employers don't always break this out). If in doubt, average YTD and last year.</li> </ul>	<p>Verification provided to include rate of pay; number of pay periods; and year-to-date income amount:</p> <ul style="list-style-type: none"> <li>2 or more consecutive paycheck stubs to accurately determine income; or</li> <li>A Verification of Employment form completed by the employer.</li> </ul>
Self-Employment	<p>Use a two year average from the most recent federal income tax returns for income verification purposes. Determine gross annual income by:</p> <ul style="list-style-type: none"> <li>Request year-to-date Profit &amp; Loss statement to review most recent earnings and determine if income is consistent within the past two years. Request additional information when necessary to determine self-employment income.</li> <li>Deduct: Standard allowable tax-deductions.</li> <li>If a net loss, use \$0. Do not subtract the loss from the Program Eligibility calculation.</li> </ul>	<p>Sole Proprietorship or Farm Operation:</p> <ul style="list-style-type: none"> <li>Schedule C – for a proprietorship</li> <li>Form 8829 – if household resident operates the business out of the home</li> <li>Schedule F – for a farm operation</li> </ul> <p>Partnership</p> <ul style="list-style-type: none"> <li>Schedule E</li> <li>Form 1065 K-1</li> <li>US Partnership Return of Income Form 1065</li> </ul> <p>S-Corporation:</p> <ul style="list-style-type: none"> <li>Schedule E</li> <li>Form 1120S K-1</li> <li>W-2 or 1099 Form</li> <li>US Small Business Income Tax Return Form 1120S</li> </ul>



Variable Income: Bonus, Overtime, Shift Pay, Commissions, Tips, Seasonal	<ul style="list-style-type: none"> <li>• Average the variable income received in the current and previous year. If new employment, average variable income for months employed. The most recent federal income tax return may also be used for this purpose.</li> <li>• Always use an average for overtime (unless employer and income history verifies OT was for one-time, special project, etc.), commissions, part-time income, bonuses, shift differentials, sick pay and holiday pay.</li> </ul>	<p>Required documentation:</p> <ul style="list-style-type: none"> <li>• Previous two years W-2 forms;</li> <li>• A Verification of Employment form completed by the employer; or</li> <li>• 2+ Paystubs.</li> </ul> <p>Other sources to meet requirement:</p> <ul style="list-style-type: none"> <li>• Current federal income tax return as needed</li> </ul>
Housing/Car Allowance	See Base pay.	<ul style="list-style-type: none"> <li>• Paycheck stub or</li> <li>• Documentation from employer.</li> </ul>

#### OTHER INCOME

Type	Guidance/Key Items to Address	Documentation
Child/Spousal Support	<ul style="list-style-type: none"> <li>• Use average of actual support received.</li> <li>• If support is scheduled to stop during next 12 months (i.e. child is 17+ years old), use amount of support through scheduled expiration and average over 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>• Divorce Decree/Child Support Agreement; or</li> <li>• Documented telephone call to county social service agency; and</li> <li>• Cancelled checks/bank statements</li> </ul>
Educational Grants	Grants or scholarships paid directly to the household resident(s). Do not include grants that can only be used for tuition or educational loans..	<ul style="list-style-type: none"> <li>• Copy of Grant Awards Letter</li> </ul>



Transfer Payments	<ul style="list-style-type: none"> <li>• Include all sources of this income at current level.</li> <li>• Includes: Unemployment Compensation, Public Assistance, Worker's Compensation, Disability, VA, Pensions, Social Security benefits.</li> </ul>	<ul style="list-style-type: none"> <li>• A current check;</li> <li>• County disbursement printout; or</li> <li>• Current year award letter.</li> </ul>
Interest/Dividends	Calculate interest income based on current depository rates if liquid assets exceed \$5,000.	<ul style="list-style-type: none"> <li>• 1099 Forms;</li> <li>• Bank Statement; or</li> <li>• Federal Tax Form 1040.</li> </ul>
Investment Property/Owner Occupied Duplex	<p>Net Rental Income:</p> <ul style="list-style-type: none"> <li>• Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent.</li> <li>• Gross Adjusted Rent - 50% of the Principal Interest Tax, Insurance (PITI) and maintenance costs = Net Rental Income.</li> <li>• Note: If net rental income is negative, use \$0 when calculating Eligibility Income. In addition, an operating statement may be used in lieu of using the above-referenced formula.</li> </ul> <p>Contract for Deed:</p> <ul style="list-style-type: none"> <li>• Payments projected to be received in the 12 months following the date of the application, less out of pocket expenses for that same period.</li> </ul>	<p>Net Rental Income:</p> <ul style="list-style-type: none"> <li>• If rental history, Schedule E from most recent Federal Income Tax return;</li> <li>• Most recent consecutive 6 months of canceled checks or rent receipts from renter; or</li> <li>• If new purchase, copy of the rental agreement.</li> </ul> <p>Contract for Deed:</p> <ul style="list-style-type: none"> <li>• Copy of Contract for Deed</li> </ul>
Roommate Rent	For roommates/renters not living in a separate living unit, use gross rent provided that it is clear the roommate/renter is not a long-term household member.**	<ul style="list-style-type: none"> <li>• Copy of Written Rental/Lease Agreement</li> </ul>

\*\*A long-term household member is any person residing in the home whose duration of stay is not determined by a written lease or rental agreement and who does not occupy another residence. Please verify any additional income for long-term household member(s).



## DEDUCTIONS FROM INCOME

Type	Guidance/Key Items to Address	Documentation
Extraordinary Medical Expenses	<p><u>Ongoing Medical Expenses</u>: 100% of expenses anticipated for the next 12 months including:</p> <ul style="list-style-type: none"> <li>• Doctor, clinic, hospital, nursing home, home care services and pharmacy expenses not covered by insurance.</li> <li>• Pharmacy expenses for clearly identified prescription medications, dressings, etc.</li> <li>• Transportation or mileage expenses (IRS rate) for medical treatment.</li> <li>• Medical insurance premiums paid by household resident.</li> <li>• Medical equipment paid by household resident.</li> </ul> <p><u>Outstanding Past Medical Expenses</u>: not covered by insurance – use the higher of:</p> <ul style="list-style-type: none"> <li>• 20% of the unpaid portion of large medical bills, such as for major surgery, or</li> <li>• 100% of the amount to be paid in the next 12 months under an approved payment plan on an outstanding expense.</li> </ul>	<p><u>Ongoing Medical Expenses</u>:</p> <ul style="list-style-type: none"> <li>• Invoices;</li> <li>• Receipts;</li> <li>• Copy of the premium notice or statement from the insurance company; or</li> <li>• Expense information from the equipment supplier;</li> </ul>
Per Household Resident Deduction	Deduct \$1,000 per household resident, including minors and long term residents (e.g., renters, etc.), only if it does not place the gross annual household income below \$0.	

